

M E M O R A N D U M

To: Tom Harmer, Town Manager
From: Sue Smith, Finance Director
Report date: February 12, 2022
Meeting date: March 7, 2022
Subject: Resolution 2022-03, Amending the Fiscal Year (FY) 22 Adopted Budget, Transferring Funds from Revenues, Other Financing Sources or Unappropriated Fund Balance to Cover Expenditures; Amending the General Fund, the Water and Wastewater Capital Fund, the American Rescue Plan Act Fund, the Fire Stations Capital Fund, and the Tree Replacement Fund

Recommended Action

Pass Resolution 2022-03.

Background

American Rescue Plan (“ARPA”) Fund and General Fund.

ARPA was signed into law March 11, 2021, providing \$350 billion in funding to State and local governments. The Town has been awarded \$3,654,228 and received one-half of the funds \$1,827,114 in September 2021. An interim final rule (31 CFR Part 35) provided guidance on the eligible uses of the funds and were categorized into four groups:

- Government Services to the extent of lost public sector revenue
- Public Health/Negative Economic Impacts
- Premium pay for essential workers
- Improvements in water, sewer and broadband infrastructure

At the November 18, 2021 Commission Retreat, Commissioners provided direction that ARPA funds would be used for the top two ranked long-term issues: the Subaqueous Force Main, and Sea Level Rise/Stormwater Management Control projects.

Subsequent guidance published in 31 CFR Part 35 titled Coronavirus State and Local Fiscal Recovery Funds (the Final Rule), was released on January 6, 2022. After discussion with Town Auditors, following release of the Final Rule, the simplest approach to Federal reporting, and to minimize Single Audit requirements is to recognize the entire award as revenue loss in one fiscal year. The Final Rule allows entities to recognize up to a \$10 million “blank check” of revenue losses, regardless of whether the calculated revenue loss was lower. This update will allow the Town to apply the funds directly to General Fund expenses in the current budget and then follow-up with separate budget amendments from the General Fund to the Commission’s requested priority projects. Based on this approach, the Town will recognize \$3,654,228 of FY22 Public Safety Expenditures (Police and/or Fire), excluding

payments into any pension fund, as allowable Government Services expenditures under the program and report the award as expended in FY22 for Single Audit reporting.

The Town established an ARPA Special Revenue Fund in the FY22 Budget. A Budget amendment is required to set up the transfer of the award out of the ARPA Fund and into the General Fund in order to complete the transaction by fiscal year end. The Town has received one-half of the award in the amount of \$1,827,114 which will be transferred to the General Fund. When the actual cash is transferred, the revenues revert to General Fund Surplus.

A second transfer is proposed to move \$1,827,114 from General Fund surplus to the Water and Wastewater Capital Fund for the Subaqueous project. When the additional ARPA funding is received later this year, and we have updated information on actual Sea Level Rise/Stormwater Management related projects we will come back with an additional transfer of the remaining balance.

The following Budget amendment is to adjust the estimated income on investments and investment expenses to be received and to set up the transfer of the ARPA award plus estimated accrued interest net of investment expenses from the ARPA Special Revenue Fund to the General Fund:

ARPA Fund (#116)

Account number	Account Description	Increase (Decrease)
116-00-00-361.1000	Income on Investments	\$12,000
116-00-00-531.3115	Prof Services/Investment Expense	\$500
116-90-30-581.0001	Transfer Out /General Fund	\$3,668,278

General Fund (#001)

Account number	Account Description	Increase (Decrease)
001-00-09-382.0116	Transfer In / ARPA Fund	\$3,668,278

Water and Wastewater Capital Fund and General Fund. As previously discussed the Commission agreed that ARPA funds would partially be used for the Subaqueous Force Main project. Public Works is currently working with Murphy Pipeline Contractors and Carollo Engineers, Inc. for relining a portion of the force main located on mainland portions of the pipe route. The Town has also been awarded a \$1.25 million grant through a State Appropriation request that is being awarded and implemented through FDEP toward the project. There is also a pending appropriation request before the State Legislature for an additional \$800,000 for the mainland relining portion of the project.

The following Budget amendment is to transfer a one-half of the ARPA award, now sitting as Fund Balance in the General Fund to the Water and Wastewater Capital Fund:

Water and Wastewater Capital Fund (#404)

Account number	Account Description	Increase (Decrease)
404-00-51-381.0001	Transfer In / General Fund	\$1,827,114
404-30-53-563.6360- WWSBAQG	WW Collection Subaqueous Rehab	\$1,827,114

General Fund (#001)

Account number	Account Description	Increase (Decrease)
001-90-30-581.0404	Transfer Out / Utility Capital Fund	\$1,827,114

A subsequent budget amendment will be presented to the Commission after studies for Sea Level Rise/Stormwater Management Control projects are completed, in anticipation of the second payment from ARPA.

Fire Stations Capital Fund.

The North Fire Station renovation and construction of the South Fire Station are coming to a close. The following amendment will adjust the Budget to equal the amount of cash remaining from unappropriated bond proceeds and investment income available for eligible project costs under the bond. Some items pending purchase for the North Station are front doors, floor covering on the apparatus bay, exterior painting, and a new monument sign at the entrance of the public safety complex.

The proposed Budget amendment increases the budget line items for the North and South Fire Station utilizing unappropriated Fund Balance from the remaining bond proceeds and investment income.

Fire Station Capital Fund (#300)

Account number	Account Description	Increase (Decrease)
300-20-20-562-6215	North Fire Station	\$42,717
300-20-20-562.6216	South Fire Station	\$4,728

Tree Replacement Fund. Pursuant to Section 98.06 of the Town Code, permits are required for tree removal or relocation. When mature replacement trees cannot be planted on the applicant's land, or on public land, or relocation is not feasible, a tree replacement fee of \$300 per mature replacement tree, is paid to the Town. These funds are kept in a separate fund and used only for the designated replacement or planting of trees on public property.

The Public Works Department has requested \$45,000 additional appropriation in addition to the \$5,000 already budgeted of these funds, for the purchase of trees on Town Center property. The total Fund Balance available in the fund is \$64,421. The remaining Fund Balance after the transfer is \$19,421. The primary use will be for Outdoor Venue and Performance Stage area landscaping.

The proposed Budget amendment increases the budget line item for planting of trees utilizing unappropriated Fund Balance.

Tree Replacement Fund (#108)

Account number	Account Description	Increase (Decrease)
108-40-23-546.4602	R/M Grounds	\$45,000

Staff Recommendation

Pass Resolution 2022-03.

Attachments

Resolution 2022-03

RESOLUTION 2022-03

A RESOLUTION OF THE TOWN OF LONGBOAT KEY, FLORIDA, AMENDING THE FISCAL YEAR ADOPTED BUDGET BEGINNING OCTOBER 1, 2021, AND ENDING SEPTEMBER 30, 2022; TRANSFERRING FUNDS FROM REVENUES, OTHER FINANCING SOURCES OR UNAPPROPRIATED FUND BALANCE TO COVER EXPENDITURES; AMENDING THE GENERAL FUND; AMENDING THE WATER AND WASTEWATER CAPITAL PROJECT FUND; AMENDING THE AMERICAN RESCUE PLAN ACT FUND; AMENDING THE FIRE STATIONS CAPITAL PROJECT FUND; AMENDING THE TREE REPLACEMENT FUND; PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the legal level of budgetary control (i.e., the level at which expenditures may not legally exceed the appropriations), pursuant to Town Charter is at the Department level; and

WHEREAS, the Town Manager has the authority to transfer appropriations up to \$22,083 between or within departments within the same fund; and,

WHEREAS, budget transfers greater than \$22,083, or amendments which change the original budget in total or amendments requiring the use of unappropriated fund balance, require Town Commission approval; and,

WHEREAS, the Town has been awarded \$3,654,228 under the American Rescue Plan Act (“ARPA”); and,

WHEREAS, the guidance published in 31 CFR Part 35 titled Coronavirus State and Local Fiscal Recovery Funds (“the Final Rule”), was released on January 6, 2022. provides that government entities may recognize a standard revenue loss allowance of up to \$10 million, regardless of whether the calculated revenue loss was lower; and,

WHEREAS, the Town has elected to recognize \$3,654,228 of Public Safety Expenditures (Police and/or Fire), excluding payments into any pension fund, as allowable Government Services expenditures under the associated program; and,

WHEREAS, the Town desires to amend the American Rescue Plan Act (“ARPA”) Fund Budget and the General Fund Budget to provide for the transfer of up to \$3,668,278 of ARPA funds plus accrued income net of investment expenses to the General Fund; and,

WHEREAS, the Town desires to transfer \$1,827,114, to the Subaqueous Force Main project in the Water and Wastewater Capital Project Fund using unappropriated General Fund Fund Balance; and,

WHEREAS, the Town desires to increase the North Fire Station project budget amount of \$4,728 and the South Fire Station project budget amount of \$42,717 in the Fire Stations Capital Fund for unappropriated residual bond proceeds and investment income, in order to prepare for the close out of the projects; and,

WHEREAS, the Town desires to increase the Repairs and Maintenance Grounds budget amount of \$45,000 in the Tree Replacement Fund from unappropriated fund balance, to purchase and plant trees at the Town Center property; and,

WHEREAS, the Finance Director certifies that sufficient unappropriated balances are available in the above referenced funds to make the required appropriations; and,

WHEREAS, Article V, Section 9 of the Town Charter provides for such a supplemental appropriation.

NOW, THEREFORE, be it resolved by the Town Commission of the Town of Longboat Key, Florida, that:

SECTION 1. The above Whereas clauses are true and correct and are hereby ratified, confirmed and fully incorporated by reference.

SECTION 2. The Adopted Budgets of the designated Funds referenced above of the Town of Longboat Key for the fiscal year beginning October 1, 2021, and ending September 30, 2022, as adopted pursuant to Resolution 2021-10 are hereby amended as follows:

ARPA Fund (#116)

Account number	Account Description	Increase (Decrease)
116-00-00-361.1000	Income on Investments	\$12,000
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Account number	Account Description	Increase (Decrease)
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SECTION 3. If any section, subsection, sentence, clause, or provision of this Resolution is held invalid, the remainder of the Resolution shall not be affected.

SECTION 4. This Resolution shall become effective immediately upon adoption.

Adopted at a meeting of the Town Commission of Longboat Key, Florida, following public hearing, this 7th day of March, 2022.

Kenneth Schneier, Mayor

ATTEST:

Trish Shinkle, Town Clerk

End of Agenda Item